HILL END GOLD LIMITED

ABN 74 072 692 365

FINANCIAL STATEMENTS

for the year ended

30 JUNE 2013

Contents

HILL END GOLD LIMITED
DIRECTORS' REPORT

The Directors present their report on the Company for the year ended 30 June 2013.

Directors

The Directors of Hill End Gold Limited during the financial year and until the date of this report are:

Denis Edmund Clarke (Chairman)
Philip Francis Bruce (Managing Director)
Graham Charles Reveleigh (Non-Executive Director)
Bruce Geoffrey Thomas (Non-Executive Director)
Ian Cunynghame Daymond (Non-Executive Director)
Quah Su-Yin (Non-Executive Director)

Principal Activities

The principal activities of the Company during the financial year were the continuing exploration for gold in the Hill End and Hargraves project areas and the assessment of resources acquisition opportunities with significant potential.

There were no significant changes in the nature of the principal activities during the year.

Results

The Company incurred a pre-tax operating loss of $5,635,642 (2012: loss $2,880,926). This result was comprised of:

- a loss of $449,461 at the Hill End site due to administration and depreciation of site plant and equipment
- net corporate overheads of $1,081,720,
- exploration expenditure written off $42,087, and
- impairment of development properties of $4,062,374.

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year (2012 – nil).

Financial Position

The net assets of the Company have decreased by $5,548,245 being the net of:

- A net increase in capital and reserves of $87,397, and
- The operating loss for the year of $5,635,642.

The capital structure of the Company is currently:

- 855,526,036 fully paid ordinary shares (HEG);
- 22,080,000 options exercisable at 10 cents per share up to 16 May 2014
- 35,000,000 unlisted director options exercisable at 5 cents per share up to 29 November 2017.

Review of Operations

During the year the Company continued exploration drilling and other activities on its tenements in New South Wales and assessed many acquisition opportunities in Australia and overseas.

<u>Hargraves</u>

Resource extension drilling and pre-development studies continued for the Hargraves Gold Project Big Nugget Hill Deposit. Diamond drilling extended the deposit approximately 500m to the north and identified multiple shallow zones of mineralisation, which remain open to the north.

The resource estimate for the Northern Zone was completed for 650,000 tonnes at 1.1g/t and containing 24,000 ounces.

Pit optimisation studies at a gold price of $1450/oz indicated that two open pits would produce 1.2Mt of ore at 2.9g/t.

Metallurgical test work confirmed that a simple low cost gravity plant would recover approximately 90% of the gold at a relatively coarse grind size of P_{80}0.5mm.

Environmental and social impact studies were undertaken as part of the preparation of the Conceptual Project Development Plan for presentation to the NSW Department of Trade, Investment, Resources & Energy to obtain a Mining Lease over the Hargraves Gold Project.

Big Nugget Hill Resource estimate (as at 30 April 2013)

Indicated Resources	1,262,000 tonnes at 3.5 g/t gold for 143,000 contained ounces
Inferred Resources	1,594,000 tonnes at 2.0 g/t gold for 102,000 contained ounces
Total Contained Ounces	245,000 ounces

Regional exploration in the Hargraves area has been undertaken on the Meroo Trend, a six kilometre long mineralised zone that is parallel to the Big Nugget Hill structure and located approximately one kilometre to the east. Four centres of old workings have been located along the Meroo Trend: Eldorado, Hampden Hill, Homeward Bound and Great Western. Field mapping and soil sampling using a handheld XRF analyser have identified a large mineralised area at Homeward Bound of over 600m strike by 80-120m width and a drill program and land access approvals were prepared in order to test the prospect.

Hill End Area

Further assessment of shallow mineralisation in the Hill End area was undertaken on the Reward Deposit, on adjacent mineralisation along strike from the Reward Deposit, at Mares Nest, which is located about four kilometres south of the Reward deposit, and at Willandra, which is located about 40km to the east of Hill End.

Soil sampling and mapping of the Mares Nest prospect successfully outlined a mineralised zone of near two kilometres strike length with workings over a width of up to 150m. A drilling program and land access approval have been prepared for Mares Nest.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs in the Company during the year.

Subsequent Events

The Company has raised $1.36 million by the placement of 170,000,000 ordinary shares to a private investor. The funds were subscribed in two tranches, $1,000,000 on 5 August 2013 and $360,000 on 5 September 2013.

On 19 August 2013, the Company announced an investment of $0.8M in Bassari Resources Limited (ASX:BSR) to obtain 13% equity. BSR has gold projects in Senegal with 11.9Mt at 2.6g/t delineated in a single deposit located in the +55Moz Kedougou-Kenieba Inlier of the Birimian Gold Belt.

Likely Developments and Results

The Company plans to continue exploration at both Hill End and at Hargraves and to assess further resources acquisition opportunities and any discussion deemed appropriate regarding likely developments and results will be outlined in the 2013 Annual Report.

Environmental Issues

The Hill End Project Area is located on mineral tenements issued by the Department of Primary Industry - Minerals and the Reward Project operates under an environmental licence issued by the Environmental Protection Authority. The conditions of these tenements and licences require the preparation of environmental reports, monitoring and ongoing rehabilitation for exploration and mining activities. The Company has statutory obligations to protect the environment in which it is exploring and operating. During the reporting period the Company did not fail to meet its obligations pursuant to any environmental legislation.

Information on Directors

***Denis Edmund Clarke**, B.Sc., B.A., Ph. D. (Geology), FAusIMM*
Chairman (Non-Executive). Appointed 25 February 2010

Dr Clarke has a Ph.D. (Geology) from Stanford University and has over forty years experience in senior technical, financial and corporate positions in the mining and exploration industry in Australia and overseas. He played a significant role in the extraordinary growth of Plutonic Resources Limited, which developed into one of Australia's largest gold producers with up to seven operating mines and a market capitalisation of over A$1 billion before being absorbed by Homestake Mining Company. At Plutonic, he successively managed the Exploration Division, the Finance and Administration Division and the Corporate Division and, prior to joining Plutonic, he spent 10 years in exploration with the Rio Tinto subsidiary, Rio Algom Limited, mostly in Canada.

<u>Other public company directorships held during past 3 years:</u>

BCD Resources NL
Cullen Resources Limited
Signature Metals Limited
Anglo Australian Resources NL
Troy Resources NL

***Philip Francis Bruce**, B.E. (Mining) (Hons) FAusIMM.*
Managing Director. Appointed 10 October 2001

Mr Bruce has over thirty years mining industry experience in Australia, South Africa and Indonesia in gold, platinum and base metals operations and senior corporate management. He was the CEO of PT BHP Indonesia and has been a director of Buka Minerals Limited, Ausmelt Limited and Managing Director of Triako Resources Limited. As the General Manager – Development for Plutonic Resources Limited, he was responsible for the technical aspects of the acquisition and development of mining projects during the growth of the company from $35 million to over $1 billion market capitalisation. Mr Bruce was appointed Managing Director of the Company on 1 July 2004.

<u>Other public company directorships held during past 3 years:</u>

Latrobe Magnesium Limited
Archean Star Inc.
Bassari Resources Limited
Brimstone Resources Limited

***Graham Charles Reveleigh**, M.Sc., MAusIMM, CPMan, MCIMM,*
Non-Executive Director. Appointed 1 February 1996

Mr Reveleigh has wide experience in the mining industry, covering exploration, development, construction and mine operations including Mine Manager at Noble's Nob, where he ran the operations for seven years. He has worked as a consultant on numerous projects both in Australia and overseas such as at Hill End in New South Wales, Red Dome in Queensland and as Project Manager at the Moline Gold Mine in the Northern Territory, at Gold Ridge in the Solomon Islands and as part of the Kennecott team at Lihir and in other assignments in the Philippines, New Caledonia, Siberia and most States in Australia. He was the Site Manager for Nugget Resources Inc at Hill End NSW since the commencement of the project, and for four years was Managing Director of the Company.

<u>Other public company directorships held during past 3 years:</u>

Peninsula Resources Inc.
Gulf Mines Limited
Bounty Oil & Gas NL

Bruce Geoffrey Thomas *CA*
Non-Executive Director. Appointed 22 February 2005

Mr Thomas is a Chartered Accountant, a Chartered Secretary and an Associate of the Securities Institute of Australia. Mr Thomas has substantial experience in capital markets and funds management.

Other public company directorships held during past 3 years:

Nil

Ian Cunynghame Daymond B.A. LL.B.
Non-Executive Director. Appointed 8 September 2008

Ian practises as a solicitor and a consultant in mining and resources. He has spent most of his career as a senior in-house lawyer in significant mining and exploration companies in Australia (WMC, Hunter Resources and Delta Gold) or as an external lawyer. Ian was general counsel and company secretary for over 11 years at Delta Gold until 2001 and was part of the senior management team responsible for the growth of Delta Gold from a small exploration company into one of the largest gold producers in Australia. He returned to private practice in Sydney specialising in mining and resources with a strong emphasis on gold and base metal exploration and mining. He was appointed as the Honorary Consul for the Republic of Botswana in New South Wales in May 2007.

Other public company directorships held during past 3 years:

ASX listed ActivEX Ltd

Quah Su-Yin
Non-Executive Director, Appointed 17 May 2012

Ms Quah Su-Yin is Chief Executive Officer and Executive Director of ISR Capital Limited and Infiniti Asset Management Pte Ltd. Ms Quah holds a Master of Business Administration from the Australian graduate School of Management (AGSM), Bachelor of laws and bachelor of Economics degrees from the University of Adelaide and a Graduate Diploma in Legal practice from the University of South Australia. She was admitted as a legal practitioner to the Supreme Court of South Australia and an advocate and a solicitor of the Malaysian Bar.

Other public company directorships held during past 3 years:

ISR Capital Ltd   Asiasons WFG Financial Ltd.

Company Secretary

Kevin Lynn B.Bus, CA, FAIDC, MAppFin (Securities Institute)

Mr. Lynn is a Chartered Accountant. He was appointed as Company Secretary of the Company in October 2001.

Remuneration Report

The remuneration policy of Hill End Gold Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component, performance based component and share options.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract high calibre executives and reward them for performance that results in long term growth in shareholder wealth. Executives are also entitled to participate in the employee option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by law, which is currently 9.25%, and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $250,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are eligible to participate in employee option plans, subject to prior shareholder approval.

Performance based remuneration

The Company currently has a performance based remuneration component built into the Managing Director’s executive remuneration package.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy endeavours to align the interests of shareholders and directors and executives, which is facilitated with shareholder approval through the issue of options to directors and executives.

For details of directors’ and executives’ interests in options at year end, refer to note 18 of the Financial Statements.

Service Agreements

An Executive Service Agreement was executed with Mr Philip Bruce on 21 September 2012. The base salary under the agreement is currently $298,163 and will be reviewed annually. Contributions to a complying superannuation fund will be made at the prevailing Superannuation Guarantee levy rate times the base salary. The following termination provisions:

(a) the Company may terminate the agreement by giving twelve months notice;
(b) Mr. Bruce may terminate the agreement by giving three months notice;
(c) the Company may terminate the agreement without notice under certain specified circumstances as is usual in such service agreements;
(d) In the case of redundancy the National Employment Standards will apply. Any amount payable under a redundancy will be absorbed into any amount paid in lieu of notice.

There are no other service agreements.

Remuneration of directors and key management

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies applicable to Board members and senior officers of the Company. The Board’s remuneration policy is to ensure the remuneration level properly reflects the person’s duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Company has not employed any executive officers, other than directors, who were involved in, concerned in, or who took part in the management of the Company's affairs. Details of the nature and amount of the remuneration of each director of the Company are set out below:

	Short Term Benefits	**Post Employment**	**Equity Settled Share Based Payments**	**Total**
Year ended 30 June 2013	*Salary Fees & Commissions*	*Superannuation*	*Options*	
	$	**$**	**$**	**$**
D. Clarke	50,000	4,500	20,927	75,427
P.F. Bruce	298,164	26,836	41,854	366,854
B. G. Thomas	40,000	3,600	6,540	50,140
G.C. Reveleigh	50,000	4,500	6,540	61,040
I.C. Daymond	40,000	3,600	9,156	52,756
S-Y Quah	40,000	-	6,540	46,540

	Short Term Benefits	***Post Employment***	***Equity Settled Share Based Payments***	**Total**
Year ended 30 June 2012	*Salary Fees & Commissions*	*Superannuation*	*Options*	
D. Clarke	50,000	4,500	-	54,500
P.F. Bruce	298,164	26,836	-	325,000
B. G. Thomas	40,000	3,600	-	43,600
G.C. Reveleigh	50,000	4,500	-	54,500
I.C. Daymond	40,000	3,600	-	43,600
S-Y Quah	-	-	-	-
R Chan	-	-	-	-
I. N. S. Sloan	10,000	900	-	10,900

Only the Company Secretary, Kevin Lynn is classified as a named executive for the current reporting period. Mr Philip Bruce is an executive director of the Company and is included in table above.

	Short Term Benefits	**Post Employment**	**Equity Settled Share Based Payments**	**Total**
Year ended 30 June 2013	*Salary Fees & Commissions*	*Superannuation*	*Options*	
	$	**$**	**$**	**$**
K. M. Lynn	60,000	-	-	60,000
Year ended 30 June 2012	$	$	$	$
K. M. Lynn	60,000	-	-	60,000

Options granted as part of remuneration

During the year 35,000,000 options were granted to directors following shareholder approval at the 2012 Annual General Meeting. These options are exercisable at 5 cents per share at any time up to 29 November 2017 (2012, nil). For full details of directors and executives interests in options at year end, refer to note 18 of the Financial Statements.

Directors' Share and Option Holdings

Shares and options held by directors at the date of this report are as follows:

	Fully Paid Ordinary Shares	Options Exercisable by 29 November 2017
D Clarke	-	8,000,000
P Bruce	6,138,472	16,000,000
G Reveleigh	6,463,072	2,500,000
B Thomas	16,000,000	2,500,000
I Daymond	100,000	3,500,000
S-Y Quah	-	2,500,000

Performance Income as a proportion of total remuneration

No performance based bonuses have been paid to executive directors and executives during the financial year.

Meetings of Directors

The following table sets out the number of meetings of the Directors during the year ended 30 June 2013 and the number of meetings attended by each Director.

	Board Meetings		Audit Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
D. Clarke	6	6	2	2	2	2
P. F. Bruce	6	6	-	-	-	-
B. G. Thomas	6	6	2	2	2	2
G.C. Reveleigh	6	5	2	2	-	-
I. C. Daymond	6	6	-	-	2	2
S-Y Quah	6	6	-	-	-	-

Share Options

Options issued in the current financial year
35,000,000 director options were issued during the year. 5,750,000 director options exercisable at 20 cents per share at any time up to 22 November 2012 expired unexercised.

Total outstanding options at the date of this report
The following options are outstanding at the date of this report.

Director Options	Exercisable at 5 cents on or before 29 November 2017	35,000,000
Listed Options	Exercisable at 10 cents on or before 16 May 2014	22,080,000
	Total options on issue	**57,080,000**

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support and have adhered to the principles of corporate governance.

Non-Audit Services

The Company may choose to engage the services of its auditor, Crowe Horwath Sydney, on other assignments in addition to their statutory audit duties where the firm's expertise and experience with the Company are beneficial.

The Board of Directors has considered the level and nature of non-audit services provided by the auditor during the year and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the nature and scope of each type of non-audit service provided by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below. No non-audit services were provided.

	2013	2012
	$	$
Audit services:		
Remuneration for audit and review of financial reports under the Corporations Act 2001	67,600	66,550
Other assurance services:	-	-
Total auditor's remuneration	**67,600**	66,550

Directors' and Officers' Indemnification

During the financial year Hill End Gold Limited established a Directors and Officers insurance policy. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors’ and Officers’ liability as such disclosures are prohibited under the terms of the contract.

The Company has agreed to indemnify and keep indemnified the directors and officers of the Company against all liabilities incurred by the directors or officers as a director or officer of the Company and all legal expenses incurred by the directors or officers as a director or officer of the Company.

The indemnity only applies to the extent and in the amount that the directors or officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Company, under the general law or otherwise.

The indemnity does not extend to any liability:

- to the Company or a related body corporate of the Company; or
- arising out of conduct of the directors or officers involving a lack of good faith; or
- which was incurred prior to 1 February 1996 and which is in respect of any negligence, default, breach of duty or breach of trust of which the directors or officers may be guilty in relation to the Company or related body corporate.

Proceedings On Behalf of Company

Proceedings were commenced by the Company in 2005 in the Supreme Court of NSW seeking to clarify the ownership interests of the Company and First Tiffany Resource Corp (Tiffany) in relation to some mining tenements which the Company holds at Hill End, NSW. The Company had asserted that Tiffany had no interest since it had failed to contribute 15% of costs for development of the Reward Project after receiving a feasibility study from the Company for the project in 2003. Tiffany had continued to claim it had a 15% “free carried” interest in those tenements.

The matter was heard by the Court and the Court confirmed the Company’s minimum 85% ownership of the Hill End tenements encompassed by the area of the original EL 2037, which covered the area from the Turon River in the south to Red Hill in the north.

On appeal to the NSW Court of Appeal by the Company seeking further clarification, the Court of Appeal held that the type of feasibility study required to be provided by the Company to enable Tiffany to participate in the development of the properties was an ’economic feasibility study’ conforming to the requirements for such a study as understood in Canada in 1983, and a failure to contribute by Tiffany on receipt of this study would have the consequence of the loss or forfeiture of its interest.

The Court of Appeal dismissed the appeal with costs. Two costs orders had been made in favour of the Company in the lower Court proceedings on interlocutory applications and these amounts will be offset against the appeal costs when assessed.

The result is that the Company has a 100% beneficial interest in its Hill End tenements, while a portion of the ground now encompassed by EL 5868 is subject to a reduction to 85% if an ‘economic feasibility study’ is completed by the Company, and Tiffany, if it establishes that it continues to hold a right against the Company to do so, contributes at the 15% level.

Costs for the parties were assessed in May and July 2013 and each has been submitted to a Review Panel for a review of the determination by the costs assessor. An accrual of $400,000 has been made in the Company’s financial statements.

Auditor’s Independence Declaration

A copy of the auditor’s independence declaration as required under Section 307C of the Corporations Act is set out on page 10 and forms part of the Directors' Report.

This report is made in accordance with a resolution of the directors.

DENIS CLARKE
Chairman
13 September 2013

PHILIP BRUCE
Managing Director

Crowe Horwath

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

Board of Directors
Hill End Gold Limited
3 Spring Street
Sydney NSW 2000

13 September 2013

Dear Directors

Hill End Gold Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Hill End Gold Limited.

As lead audit principal for the audit of the financial statements of Hill End Gold Limited for the financial period ended 30 June 2013, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor's independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

Ash Pather
Partner

HILL END GOLD LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Revenue	2	**-**	-
Cost of Sales		**-**	-
Gross loss		**-**	-
Other income		**234,067**	259,683
Other expenses		**(533,958)**	(837,544)
Administrative costs		**(1,348,914)**	(2,143,510)
Impairment of mining property		**(4,062,374)**	(262,328)
Operating loss	3	**(5,711,179)**	(2,983,699)
Finance revenue	2	**77,120**	104,456
Finance costs		**(1,583)**	(1,683)
Loss before income tax		**(5,635,642)**	(2,880,926)
Income tax expense	4	**-**	-
Loss for the year		**(5,635,642)**	(2,880,926)
Other comprehensive income		**-**	-
Total comprehensive loss for the year net of tax		**(5,635,642)**	(2,880,926)
		Cents	Cents
Basic loss per share	25	**(0.8)**	(0.6)
Diluted loss per share	25	**(0.8)**	(0.6)

The accompanying notes form an integral part of these financial statements.

HILL END GOLD LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	2013 $	2012 $
Current Assets			
Cash and cash equivalents	5	**859,739**	3,892,961
Receivables	6	**60,413**	85,429
Inventories	7	**15,224**	23,049
Total Current Assets		**935,376**	4,001,439
Non-Current Assets			
Other financial assets	8	**503,863**	485,113
Mining property	9	**8,000,000**	12,000,000
Deferred exploration & development costs	10	**12,857,613**	11,298,935
Property plant & equipment	11	**1,398,633**	1,647,966
Total Non-Current Assets		**22,760,109**	25,432,014
Total Assets		**23,695,485**	29,433,453
Current Liabilities			
Payables	12	**607,282**	747,038
Provisions	13	**210,892**	137,685
Total Current Liabilities		**818,174**	884,723
Non Current Liabilities			
Provisions	13	**3,480**	51,222
Other	14	**146,062**	221,494
Total Non Current Liabilities		**149,542**	272,716
Total Liabilities		**967,716**	1,157,439
Net Assets		**22,727,769**	28,276,014
Equity			
Contributed equity	15	**71,594,048**	71,419,958
Reserves	16	**91,557**	178,250
Accumulated losses		**(48,957,836)**	(43,322,194)
Total Equity		**22,727,769**	28,276,014

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Ordinary Shares	Share Based Payment Reserve	Accumulated Losses	Total
	$	$	$	$
Balance at 30 June 2011	**66,825,553**	**178,250**	**(40,441,268)**	**26,562,535**
Loss attributable to members of the company	-	-	(2,880,926)	(2,880,926)
Shares Issued during the year	4,594,405	-	-	4,594,405
Balance at 30 June 2012	**71,419,958**	**178,250**	**(43,322,194)**	**28,276,014**
Loss attributable to members of the company	-	-	(5,635,642)	(5,635,642)
Shares Issued during the year	(4,160)	-	-	(4,160)
Options issued during the year	-	91,557	-	91,557
Transfer from Share based Payment Reserve to Share capital	178,250	(178,250)	-	-
Balance at 30 June 2013	**71,594,048**	**91,557**	**(48,957,836)**	**22,727,769**

The accompanying notes form an integral part of these financial statements.

HILL END GOLD LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Cash Flows From Operating Activities			
Receipts from sales		**-**	-
Interest received		**74,985**	92,859
Other income		**427,647**	259,683
Payments to suppliers and employees		**(1,755,936)**	(2,247,857)
Net cash outflows from operating activities	22(b)	**(1,253,304)**	(1,895,315)
Cash Flows From Investing Activities			
Refunds/(Payments) for exploration bonds		**(18,750)**	55,659
Purchases of property, plant & equipment		**(21,437)**	(42,028)
Proceeds from fixed asset disposal		**3,000**	-
Mining Property		**(137,807)**	(198,052)
Payments for exploration expenditure		**(1,600,764)**	(1,645,454)
Net cash outflows from investing activities		**(1,775,758)**	(1,829,875)
Cash Flows From Financing Activities			
Cost of issue of shares		**(4,160)**	4,594,405
Net cash inflows from financing activities		**(4,160)**	4,594,405
Net increase/(decrease) in Cash Held		**(3,033,222)**	869,215
Cash at the Beginning of the Financial Year		**3,892,961**	3,023,746
Cash at the End of the Financial Year	22(a)	**859,739**	3,892,961

The accompanying notes form an integral part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Hill End Gold Limited (the "Company") is a public company domiciled in Australia. The financial report covers Hill End Gold Limited as an individual entity.
The Company primarily is involved in the exploration for minerals in Australia.

(b) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of an area or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profits in the year which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from where exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology and discounted by the company's cost of capital to the present value.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Exploration and evaluation assets are tested for impairment each year. When the facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the carrying amount is written down to its likely recoverable amount.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(d) Mining Property

Mining property represents mines that are being developed for future production or which are in the production phase. Where several mines are to be produced through common facilities or are within the same area of interest the individual mines are managed and reported as a single asset.

The costs of mines in production include past exploration and evaluation costs, pre-production development costs and the ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings.

Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine, on a unit-of-production basis. Costs are amortised only once production begins.

Changes in factors such as estimates of proved and probable reserves that affect unit-of –production calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis.

(e) Financial Instruments

Recognition and Initial Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.
Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(f) Trade creditors

A liability is recorded for goods and services prior to balance date, whether invoiced to the Company or not. Trade creditors are normally settled within 30 days.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(g) Cash

For the purposes of the statement of cash flows, cash and cash equivalents included cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(h) Net fair value

The net fair value of cash, investments and trade creditors approximates their carrying value.

(i) Revenue

Sales revenue is recognized at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods, and the cessation of all involvement in those goods. Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue has been established.

(j) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(k) Acquisitions of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(l) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

The depreciation rates used are as follows:

Plant and equipment	20-25% straight line
Office furniture and equipment	25-33⅓% straight line
Motor vehicles	33⅓% straight line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash flows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement.

(m) Employee Entitlements

Wages, salaries and annual leave
Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long Service Leave
A provision for long service leave is taken up for all employees.

Equity-settled compensation
The Company operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or the options granted.

Employee option plan
The establishment of the Hill End Gold Limited Employee Share Option Plan (ESOP) was approved by shareholders at the annual general meeting held on 22 November 2007. The ESOP was designed to provide long term incentives for directors to deliver long term shareholder returns.

The fair value of options granted under the ESOP is recognised as an employee benefit expense with corresponding increase in equity. The fair value is measured at grant date. The fair value at grant date is measured using a Black-Scholes option pricing model that takes into consideration the exercise price, the term of the option, the impact of dilution, and the share price at grant date.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Upon the exercise of options, the exercise proceeds received are allocated to share capital and the balance of the share-based payments reserve relating to those options is transferred to share capital.

(n) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Rehabilitation
Provisions are made for mine rehabilitation and restoration. The present value of restoration obligations is recognized at commencement of the mining operations where a legal and constructive obligation exists at that time. The provision is recognized as a non-current liability with a corresponding asset recognized in relation to the mine site. At each reporting date the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amount of the costs to be incurred.

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as requirements of the relevant legal and regulatory restoration and rehabilitation activity.

These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognized in the balance sheet by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges.

(o) Impairment

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(p) Intangible Assets

Intangible assets acquired in a business are initially measured at cost. Intangible assets with indefinite lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(q) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.
If the Company reacquires its own equity instruments (eg as the result of a share buy-back), those instruments are deducted from equity and the associated shares are cancelled.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Australian Taxation Office, are classified as operating cash flows.

(s) Earnings Per Share

Basic earnings per share
Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Critical Accounting Estimates and Judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that effect the application of policies and the reported amounts of assets, liabilities, revenue and expenses.

The estimates and judgments incorporated into the financial report are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the group. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

Key Estimates

Impairment
The Company assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations used to assess recoverable amounts incorporate a number of key estimates.

Rehabilitation
The Company is required to estimate the rehabilitation costs of its operations in the accounting policy note in paragraph (n). The estimate is based on management's best estimate of the cost.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Estimates of reserve quantities
The estimated quantities of proved and probable reserves reported by the Company are integral to the calculation of amortisation expenses and to assessments of possible impairment of assets. Estimated reserve quantities are based on interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of the operations.

Key Judgments

Exploration and evaluation costs
The Company applies judgment in determining which exploration costs should be capitalised or expensed as per the accounting policy in paragraph (c).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(v) Inventory

Raw materials and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale.

(w) Going Concern

The financial statements have been prepared on the going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has reported cash and cash equivalent assets of $859,739 at 30 June 2013. The directors acknowledge that continued exploration and development of the Company's mineral exploration properties will necessitate further capital raisings and/or formation of joint ventures over these mineral exploration properties.

The Company remains dependent on its ability to raise capital. During the past 5 years the Company has successfully completed multiple capital raisings and the directors are confident of being able to raise further capital to fund continued operations.

In consideration of the above, the directors have determined that it is foreseeable that the Company will continue to operate as a going concern and that it is appropriate that the financial statements be prepared on this basis.

In the event that the Company is unable to achieve the actions noted above, the Company may not be able to continue as a going concern, it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(x) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- ***Amendment to AASB 1048 Interpretation of Standards*** – The Standard amends AASB 1048 as a consequence of the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia* (applicable for annual reporting periods commencing on or after 1 July 2013).

Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG112 *Consolidation - Special Purpose Entities.*

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control (applicable for annual reporting periods commencing on or after 1 July 2013).

Consequential amendments were also made to this and other Standards via AASB 2011-7 and AASB 2012-10.

Joint Arrangements

AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*.

AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method (applicable for annual reporting periods commencing on or after 1 July 2013).

Consequential amendments were also made to this and other Standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128

Disclosure of Interests in Other Entities

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests (applicable for annual reporting periods commencing on or after 1 July 2013).

- ***Fair Value Measurement***

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value (applicable for annual reporting periods commencing on or after 1 July 2013).

Consequential amendments were also made to other Standards via AASB 2011-8.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Employee Benefits

AASB 119. The revised Standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date and can result in changes to the measurement of some employee benefits.

It also revises the accounting for defined benefit plans. The amendment requires that the liabilities arising from such plans are recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets (applicable for annual reporting periods commencing on or after 1 July 2013).

Consequential amendments were also made to other Standards via AASB 2011-10.

Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

AASB 2011-4. The amendment removes the requirements in AASB 124 to disclose individual KMP remuneration, equity holdings, loans, and other transactions and balances in relation to disclosing entities that are not companies (applicable for annual reporting periods commencing on or after 1 July 2013).

-**Amendments to Australian Accounting Standards - *Disclosures - Offsetting Financial Assets and Financial Liabilities***

AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position (applicable for annual reporting periods commencing on or after 1 July 2013).

Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements cycle. The Standard clarifies the following:

- Disclosure of segment assets and liabilities in interim financial statements is only required where the information is provided to the CODM and materially changed from the previous year end.
- Repeat application of AASB 1 is permitted
- Service equipment and spare parts are PPE, not inventory
- The comparative information requirements when an entity provides a third balance sheet under AASB 101.
- The tax effect of distributions and equity transaction costs should be recognised in equity

(applicable for annual reporting periods commencing on or after 1 July 2013).

Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement (applicable for annual reporting periods commencing on or after 1 July 2014).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

-***Financial Instruments***

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10 (applicable for annual reporting periods commencing on or after 1 July 2015).

	2013 $	2012 $

2. REVENUE

	2013 $	2012 $
Sales revenue		
Gold	**-**	-
Silver	**-**	-
	-	-
Interest revenue	**77,120**	104,456
Other income – equipment hire	**-**	259,683
Consulting	**234,067**	-
	234,067	259,683

3. OPERATING LOSS

	2013 $	2012 $
Operating loss is stated after (charging)/crediting:		
- Depreciation	**(258,195)**	(254,918)
- Exploration written off	**(42,087)**	(275,631)
- Impairment of mining property	**(4,062,374)**	(262,328)

4. INCOME TAX

	2013 $	2012 $
(a) Temporary Differences		
Current tax	-	-
Deferred tax	-	-
Underprovision for previous years	-	-
Total	-	-

	2013 $	2012 $
(b) Reconciliation of income tax expense to prima facie tax payable		
Operating loss before income tax	**(5,635,642)**	(2,880,926)
Prima facie income tax benefit at 30% on operating loss	**1,690,693**	864,278
Add tax effect of:		
Tax losses and temporary differences not recognised	**(1,714,629)**	(981,854)
Non temporary differences	**(93,890)**	-
Under overprovision for prior years	**-**	-
Equity raising costs debited to equity	**117,826**	117,576
Income tax attributable to operating loss	-	-

Directors are of the view that there is insufficient probability that the Company and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities

(c) There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked

4. INCOME TAX (continued)

	2013 $	2012 $
(d) Tax Losses		
Unused tax losses for which no tax loss has been booked as a deferred tax asset adjusted for non temporary differences	**53,269,156**	49,686,638
Potential tax benefit at 30%	**15,980,747**	14,905,991

(e) Unrecognised temporary differences

	2013 $	2012 $
Non deductible amounts as temporary differences	**(857,356)**	(800,917)
Capital raising costs	**(505,033)**	(893,628)
Accelerated deductions for book compared to tax	**8,454,836**	10,945,098
Total	**7,092,447**	9,250,553
Potential effect on future tax expense	**2,127,734**	2,775,166

5. CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank and on hand	**859,739**	3,892,961

The effective interest rates on term deposits were 3.55% (2012: 5.42%).
The Company's exposure to interest rate risk is discussed in note 24.

6. RECEIVABLES

	2013 $	2012 $
Trade Debtors	**48,104**	48,824
Other Debtors	**12,309**	36,605
	60,413	85,429

(a) Impaired Trade Receivable
As at 30 June 2013 current trade receivables of the company were not impaired. Payment terms are 30 days. A provision for impairment is recognised when there is evidence that an individual receivable is impaired.

(b) Fair value and Credit Risk
Due to the short term nature of these receivables, their carrying amount is assumed to equal their fair value.

7. INVENTORIES

	2013 $	2012 $
Raw materials	**3,657**	7,364
Work in progress	**11,567**	15,685
	15,224	23,049

8. OTHER FINANCIAL ASSETS

	2013 $	2012 $
Non-Current		
Performance guarantee bonds	**503,863**	485,113

9. MINING PROPERTY

	2013 $	2012 $
Non-Current		
Mining Property – at cost	**20,730,176**	20,667,802
Amortisation	**(3,546,700)**	(3,546,700)
Asset impairment	**(9,183,476)**	(5,121,102)
	8,000,000	12,000,000

Reconciliation of the carrying amounts of mining property costs at the beginning and end of the current and previous financial years.

	2013 $	2012 $
Opening balance	**12,000,000**	12,000,000
Transfer from exploration and evaluation phase (Note 10)	**-**	-
Expenditure in the period	**62,374**	262,328
Amortisation	**-**	-
Asset impairment	**(4,062,374)**	(262,328)
	8,000,000	12,000,000

The directors have previously assessed the recoverable amount of the mining property based on an estimate of the resources within the mining leases and an indicative mining plan. Following the fall in the gold price since the last balance date, directors have reassessed the recoverable amount of the mining property and as a result have determined to further impair the carrying value of mining property.

10. DEFERRED EXPLORATION & DEVELOPMENT

	2013 $	2012 $
Costs carried forward in respect of areas of interest in		
Exploration and evaluation phase – at cost	**16,955,648**	15,354,883
Expenditure written off	**(4,098,035)**	(4,055,948)
	12,857,613	11,298,935

Reconciliation of the carrying amounts of deferred exploration, evaluation and development costs at the beginning and end of the current and previous financial years.

	2013 $	2012 $
Opening balance	**11,298,935**	9,891,277
Transfer to Mining Property (Note 9)	**-**	-
Additions	**1,600,765**	1,645,454
Amortisation	**-**	-
Write-off relinquished or expired tenements	**(42,087)**	(237,796)
Net book value	**12,857,613**	**11,298,935**

11. PROPERTY, PLANT AND EQUIPMENT

	2013 $	2012 $
Property – at cost	**388,798**	387,597
Plant and equipment - at cost	**2,621,707**	2,621,307
Less: Accumulated depreciation	**(1,686,041)**	(1,440,456)
	935,666	1,180,851
Motor vehicles - at cost	**142,257**	140,464
Less: Accumulated depreciation	**(68,088)**	(60,946)
	74,169	79,518
	1,398,633	1,647,966

11 PROPERTY PLANT & EQUIPMENT (continued)

Reconciliation
Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are as follows:

	Real Property	Plant & Equipment	Motor Vehicles	Total
	$	$	$	$
Carrying value at start of year	387,597	1,180,851	79,518	1,647,966
Additions	1,201	400	19,974	21,575
Disposals	-	-	(18,181)	(18,181)
Depreciation	-	(245,585)	(7,142)	(252,727)
Carrying value at end of year	**388,798**	**935,666**	**74,169**	**1,398,633**

	2013	2012
	$	$

12. PAYABLES

Current		
Trade creditors and accruals	**607,282**	747,038

13. PROVISIONS

Current		
Employee Entitlements	**210,892**	137,685
Non Current		
Employee Entitlements	**3,480**	51,222
	214,372	188,907
Number of Employees at year end	**15**	15

14. OTHER LIABILITIES

Non Current		
Provision for minesite rehabilitation	**146,062**	**221,494**

Rehabilitation costs are expected to be incurred in between 2013 and 2018. The provision has been estimated for the mining operations where a legal or constructive obligation exists, and discounted using a discount rate of 13.0%.

15. CONTRIBUTED EQUITY

(a) Issued and paid up capital
685,526,036 fully paid ordinary shares (2012:685,526,036)

Balance at the beginning of the financial year	**71,419,958**	66,825,553
Issue of shares to raise capital	**(4,160)**	4,594,405
Transfers from reserves	**178,250**	-
	71,594,048	71,419,958

15 CONTRIBUTED EQUITY (continued)

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$
30 June 2011	**Balance**	**485,526,036**		**66,825,553**
27 March 2012	Conversion of notes	40,000,000	$0.025	1,000,000
27 March 2012	Placement	40,000,000	$0.025	1,000,000
17 April 2012	Placement	40,000,000	$0.025	1,000,000
16 May 2012	Placement	80,000,000	$0.025	2,000,000
	Transaction costs arising from share & option issues			(405,595)
30 June 2012	**Balance**	**685,526,036**		**71,419,958**
	Transaction costs arising from share & option issues			(4,160)
	Transfer from Reserves			178,250
30 June 2013	**Balance**	**685,526,036**		**71,594,048**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of fully paid ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Capital Management

The Company's objectives when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

16. RESERVES

	2013 $	2012 $
Share based payments (a)	**178,250**	178,250
Transfer to issued capital on expiry of options	**(178,250)**	-
Increase in reserve	**91,557**	-
	91,557	178,250

(a) Share-based payments

The share based payment reserve is used to recognise the fair value of options issued to employees, directors and other entities that have not been exercised. On 22 November 2012 5,750,000 options expired unexercised.

On 29 November 2012 shareholders approved the issue of 35,000,000 options to directors exercisable at $0.05 expiring 29 November 2017.

Set out below are summaries of options granted under the plan:

16. RESERVES (continued)

Date	Details	Number of options	Exercise price - cents	$
30 June 2011	Balance	5,750,000		178,250
30 June 2012	Balance	5,750,000		178,250
22 November 2012	Expiry of options (i)	(5,750,000)		(178,250)
28 November 2012	Director options (ii)	35,000,000		91,557
30 June 2013	Balance	35,000,000		91,557

The employee share option plan was approved by shareholders at the 2007 annual general meeting. The employee share option plan is designed to provide long-term incentives to executive directors and employees to deliver long-term shareholder return.

(i) 5,750,000 options issued on 22 November 2007 expired on 22 November 2012.
(ii) Shareholders approved the issue of 35,000,000 options to directors expiring on 29 November 2017.

(b) Share Option Reserve

A placement of shares was undertaken in September and October 2010 with applicants granted 1 option for every 2 shares taken up exercisable at $0.15 per share. These options expired unexercised on 15 February 2012.

A placement of shares was undertaken in May 2011 with applicants granted 1 option for every 2 shares taken up exercisable at $0.10 per share. The expiry date on these options is 16 May 2014.

Date	Details	Number of Options	Application price - cents	$
30 June 2011		42,762,222		-
Options expired unexercised 28 February 2012		(20,682,222)	-	-
30 June 2012		22,080,000		-
30 June 2013		22,080,000		-

17. AUDITOR'S REMUNERATION

	2013 $	2012 $
Remuneration for audit or review of the financial reports of the Company:		
Current auditors of the Company:		
Audit and review of the financial statements	**67,600**	66,550
Other services	-	-
	67,600	66,550

18. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names of directors and key management personnel and positions held at any time during the year:

Directors	
D Clarke	Chairman – Non-Executive
P Bruce	Managing Director
G Reveleigh	Director – Non-Executive
B Thomas	Director – Non-Executive
I Daymond	Director – Non-Executive
S-Y Quah	Director – Non-Executive
R Chan	Director – Non-Executive
Specified Executives	
K Lynn	Company Secretary

(b) Relevant Interests in Options and Ordinary Shares at 30 June 2013

Employee Options	Balance 1 July 2012	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2013
Directors					
D Clarke	-	-	-	8,000,000	8,000,000
G Reveleigh	500,000	-	-	2,000,000	2,500,000
P Bruce	2,500,000	-	-	13,500,000	16,000,000
B Thomas	500,000	-	-	2,000,000	2,500,000
I Daymond	150,000	-	-	3,350,000	3,500,000
S-Y Quah	-	-	-	2,500,000	2,500,000
Executives					
K M Lynn	255,000	-	-	(255,000)	-
Total	**3,905,000**	**-**	**-**	**31,095,000**	**35,000,000**

Listed Options	Balance 1 July 2012	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2013
Directors					
D Clarke	-	-	-	-	-
G Reveleigh	-	-	-	-	-
P Bruce	-	-	-	-	-
B Thomas	-	-	-	-	-
I Daymond	-	-	-	-	-
S-Y Quah	-	-	-	-	-
Executives					
K M Lynn	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Ordinary Shares	Balance 1 July 2012	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2013
Directors					
D Clarke	-	-	-	-	-
G Reveleigh	4,432,163	-	-	2,030,909	6,463,072
P Bruce	6,138,472	-	-	-	6,138,472
B Thomas	11,446,157	-	-	4,553,843	16,000,000
I Daymond	100,000	-	-	-	100,000
S-Y Quah	-	-	-	-	-
Executives					
K M Lynn	1,055,000	-	-		1,055,000
Total	**23,171,792**	**-**	**-**	**6,584,752**	**29,756,544**

18. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(c) Relevant Interests in Options and Ordinary Shares at 30 June 2012

Employee Options	Balance 1 July 2011	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2012
Directors					
D Clarke	-	-	-	-	-
G Reveleigh	500,000	-	-	-	500,000
P Bruce	2,500,000	-	-	-	2,500,000
B Thomas	500,000	-	-	-	500,000
I Daymond	150,000	-	-	-	150,000
S-Y Quah	-	-	-	-	-
Executives					
K M Lynn	255,000	-	-	-	255,000
Total	**3,905,000**	**-**	**-**	**-**	**3,905,000**

Listed Options	Balance 1 July 2011	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2012
Directors					
D Clarke	-	-	-	-	-
G Reveleigh	-	-	-	-	-
P Bruce	222,222	-	-	(222,222)	-
B Thomas	1,000,000	-	-	(1,000,000)	-
I Daymond	50,000	-	-	(50,000)	-
S-Y Quah	-	-	-	-	-
Executives					
K M Lynn	-	-	-	-	-
Total	**1,272,222**	**-**	**-**	**(1,272,222)**	**-**

Ordinary Shares	Balance 1 July 2011	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2012
Directors					
D Clarke	-	-	-	-	-
G Reveleigh	4,432,163	-	-	-	4,432,163
P Bruce	6,138,472	-	-	-	6,138,472
B Thomas	9,850,000	-	-	1,596,157	11,446,157
I Daymond	100,000	-	-	-	100,000
S-Y Quah	-	-	-	-	-
Executives					
K M Lynn	1,055,000	-	-	-	1,055,000
Total	**21,575,635**	**-**	**-**	**1,596,157**	**23,171,792**

(d) Individual directors' and executives' compensation disclosures

The Company has not employed any executive officers, other than directors, who were involved in, concerned in, or who took part in the management of the Company's affairs. Details of the nature and amount of the remuneration of each director and executive of the Company and some equity instrument disclosures as permitted by Corporations Regulations are provided in the Remuneration Report section of the Directors' Report.

The fair value of options is provided in the Remuneration Report section of the Directors' Report.

19. RELATED PARTY TRANSACTIONS

(a) Directors and Key Management personnel

Disclosures relating to directors and key management personnel are set out in note 18.

(b) Shares held by parties related to directors

Ordinary Shares	Balance 1 July 2012	Options Exercised	Net Change Other	Balance 30 June 2013
Directors				
P Bruce	181,056	-	(4,985)	176,071
Total	**181,056**	**-**	**(4,985)**	**176,071**

(c) Other Transactions with Director Related Entities

Payment/provision of the following payments was made for consulting and other services to related entities of the following directors:

	2012	2012
	$	$
G C Reveleigh	**21,060**	21,060
I C Daymond	**-**	2,625
	21,060	23,685

All transactions were on normal commercial terms.

20. CONTINGENT LIABILITY

(a) During the 2007-08 year the Company acquired an interest in the Hargraves tenement. The acquisition cost included $300,000 plus the issue of 2,000,000 ordinary fully paid shares and 2,000,000 listed options which expired on 12 September 2008. These amounts were recorded during the year ending 30 June 2008. The Company will issue the vendors an additional 2,000,000 ordinary shares in the event that the Company estimates 70,000 ozs of recoverable gold in Mineral Reserves on the tenements and a further 2,000,000 ordinary shares in the event that 70,000 ozs are produced from the tenement.

(b) Proceedings were commenced by the Company in 2005 in the Supreme Court of NSW seeking to clarify the ownership interests of the Company and First Tiffany Resource Corp (Tiffany) in relation to some mining tenements which the Company holds at Hill End, NSW. The Company had asserted that Tiffany had no interest since it had failed to contribute 15% of costs for development of the Reward Project after receiving a feasibility study from the Company for the project in 2003. Tiffany had continued to claim it had a 15% “free carried” interest in those tenements.

The matter was heard by the Court and the Court confirmed the Company’s minimum 85% ownership of the Hill End tenements encompassed by the area of the original EL 2037, which covered the area from the Turon River in the south to Red Hill in the north.

On appeal to the NSW Court of Appeal by the Company seeking further clarification, the Court of Appeal held that the type of feasibility study required to be provided by the Company to enable Tiffany to participate in the development of the properties was an ’economic feasibility study’ conforming to the requirements for such a study as understood in Canada in 1983, and a failure to contribute by Tiffany on receipt of this study would have the consequence of the loss or forfeiture of its interest.

The result is that the Company has a 100% beneficial interest in its Hill End tenements, while a portion of the ground now encompassed by EL 5868 is subject to a reduction to 85% if an ‘economic feasibility study’ is completed by the Company, and Tiffany, if it establishes that it continues to hold a right against the Company to do so, contributes at the 15% level.

20. CONTINGENT LIABILITY (continued)

The Court of Appeal dismissed the appeal with costs. Two costs orders had been made in favour of the Company in the lower Court proceedings on interlocutory applications and these amounts will be offset against the appeal costs when assessed. Application for assessment of its costs has been made by Tiffany and objections to these costs have been submitted by the Company. Application for assessment of its costs has been submitted by the Company. Costs for the parties were assessed in May and July 2013 and each has been submitted to a Review Panel for a review of the determination by the costs assessor. An accrual of $400,000 has been made in the Company's financial statements.

21. SEGMENT INFORMATION

The size of the Company and its stage of development, does not warrant the internal reporting of information disaggregated into segments. Accordingly the information provided to the board of directors is prepared using the same measures as those used in preparing the statement of comprehensive income and statement of financial position.

22. RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2013 $	2012 $
(a) Reconciliation of Cash		
Cash balance comprises		
Cash at bank	**19,739**	92,961
Term deposits	**840,000**	3,800,000
	859,739	3,892,961
(b) Operating loss after income tax	**(5,635,642)**	(2,880,926)
Adjustment for non cash items:		
Depreciation	**258,195**	254,918
Asset impairment	**4,062,374**	262,328
Exploration Expenditure written off	**42,087**	237,796
Loss on sale of assets	**9,575**	-
Share based payments	**91,557**	
	(1,142,025)	(2,125,884)
(Increase)/Decrease in Receivables	**25,016**	(12,430)
(Increase)/Decrease in Inventory	**7,825**	(3,921)
(Decrease) /increase in Payables	**(139,756)**	200,605
(Decrease) /increase in Provisions	**25,465**	46,315
Increase in Provisions	**-**	-
Net cash outflows from operating activities	**(1,253,304)**	(1,895,315)

23. COMMITMENTS FOR EXPENDITURE

Operating Leases

Total operating lease expenditure contracted for at balance date but not provided for in the financial statements:		
Due within one year	**60,976**	71,277
Due beyond one year and within five years	**72,063**	-
	133,039	71,277

23. COMMITMENTS FOR EXPENDITURE (continued)

Commitments Relating to Tenements

As a condition of its tenements the Company has minimum expenditure commitments. These minimum commitments totalled $574,000 as at 30 June 2013 (2012; $615,000). This balance fluctuates based on the expiration and renewal of tenements.

24. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse affects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Risk management is carried out by the chief financial officer under policies approved by the Board of Directors. The chief financial officer identifies and evaluates the risks in close cooperation with the Company's management and Board.

(a) Market Risk

(i) Foreign exchange risk
The Company does not have any significant exposure to foreign exchange risk.

(ii) Price Risk
The Company does not have any significant exposure to commodity price risk.

(iii) Cash flow and fair value interest rate risk
The Company has exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and the financial liabilities.

The Company policy is to ensure that the best interest rate is received for the short-term deposits. The Company uses a number of banking institutions, with a mixture of fixed and variable interest rates. Interest rates are reviewed prior to deposits maturing and re-invested at the best rate.

The interest rate risk sensitivity analysis has been determined based on the exposure of the Company to interest rates for non-derivative financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 1% increase or decrease is used when reporting interest rates internally to key management personnel and represents management's assessment of the possible change in interest rates.

At 30 June 2013, if the interest rates had changed by 1% from the period-end rates with all other variables held constant, post-tax profit for the year for the Company would have been $21,724 lower/higher mainly as a result of lower/higher interest income on cash and cash equivalents.

There has been no change to the Company's exposure to interest rate risk or the manner in which it manages and measures the risk from the previous year.

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

24. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Cash flow and fair value interest rate risk

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing		Non-interest Bearing	Total
			Within 1 year	Over 1 year		
	%	$	$	$	$	$
2013						
FINANCIAL ASSETS						
Cash assets	3.55	-	859,739	-	-	859,739
Performance guarantee bonds	-	-	-	-	503,863	503,863
Other financial assets	-	-	-	-	60,413	60,413
		-	859,739	-	564,276	1,424,015
FINANCIAL LIABILITIES						
Payables	-	-	-	-	(607,282)	(607,282)
Other	-	-	-	-	(214,372)	(214,372)
NET FINANCIAL ASSETS (LIABILITIES)		**-**	**859,739**	**-**	**(257,378)**	**602,631**
2012						
FINANCIAL ASSETS						
Cash assets	5.42	-	3,892,961	-	-	3,892,961
Performance guarantee bonds	-	-	-	-	485,113	485,113
Other financial assets	-	-	-	-	85,429	85,429
		-	3,892,961	-	570,542	4,463,503
FINANCIAL LIABILITIES						
Payables	-	-	-	-	(747,038)	(747,038)
Other	-	-	-	-	(188,907)	(188,907)
NET FINANCIAL ASSETS (LIABILITIES)		**-**	**3,892,961**	**-**	**(365,403)**	**3,527,558**

(b) Reconciliation of net financial assets per statement of financial position:

	2013	2012
	$	$
Net financial assets per above	**602,361**	3,527,558
Property Plant & Equipment	**1,398,633**	1,647,966
Inventories	**15,224**	23,049
Provision for Rehabilitation	**(146,062)**	(221,494)
Mining property	**8,000,000**	12,000,000
Deferred Exploration & Development	**12,857,613**	11,298,935
Net assets per statement of financial position	**22,727,769**	26,820,348

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security in respect of recognised financial assets, is the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

24. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows matching maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

The Company at trading date had deposits which mature within three months and cash at bank. Due to the cash available to the Company there is no use of any credit facilities at balance date.

(e) Net Fair Values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The net fair values of the financial assets and financial liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(f) Sensitivity Analysis

The Company has performed a sensitivity analysis on price risk and interest rate risk and noted its impact on current year results and equity as discussed in note 24(a).

25. EARNINGS PER SHARE

	2013 Cents	2012 Cents
Basic earnings per share	**(0.8)**	(0.6)
Diluted earnings per share	**(0.8)**	(0.6)
	2013 $	2012 $
(a) Earnings used in calculating basic earnings per share	**(5,635,642)**	(2,880,926)
(b) Earnings used in calculating diluted earnings per share	**(5,635,642)**	(2,880,926)
	Number	Number
(c) Weighted average number of ordinary shares used in calculating basic earnings per share	**685,526,036**	524,214,561
(d) Weighted average number of options outstanding	**42,504,658**	42,762,222
(e) Weighted average number of ordinary shares used in calculating diluted earnings per share	**728,030,694**	566,976,783

Granted options are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

26. SUBSIDIARIES

On 31 January 2007 the Company acquired 100% of the issued share capital of Hill End Asia Pty Ltd, a company incorporated in Australia on the same day. The purchase consideration was $1. The Company was dormant so no assets or liabilities were in existence. The Company has not been consolidated as the effect would be immaterial. On 8 August 2013 Hill End Asia Pty Ltd changed its name to HEGL Investments Pty Ltd.

27. EVENTS AFTER THE BALANCE SHEET DATE

The Company has raised $1.36 million by the placement of 170,000,000 ordinary shares to a private investor. The funds were subscribed in two tranches, $1,000,000 on 5 August 2013 and $360,000 on 5 September 2013.

On 19 August 2013, the Company announced an investment of $0.8M in Bassari Resources Limited (ASX:BSR) to obtain 13% equity.

There were no other significant events after balance date.

28. COMPANY DETAILS

The registered office of the Company is:-

Hill End Gold Limited
4 Bowen Street
Hill End NSW 2850

HILL END GOLD LIMITED

DIRECTORS' DECLARATION

The directors declare that:

1 the financial statements and notes, as set out on pages 11 to 38 are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Company;

2 the Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the Australian equivalents to International Financial Reporting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view;

3 in the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Denis Clarke
Chairman

Philip Bruce
Managing Director

13 September 2013

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INDEPENDENT AUDITOR'S REPORT
to the members of Hill End Gold Limited

Report on the Financial Report

We have audited the accompanying financial report of Hill End Gold Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Crowe Horwath

Basis for Qualified Auditors Opinion

The mining property has a carrying value of $8,000,000 as at 30 June 2013. Sufficient and appropriate audit evidence regarding the recoverable value of this property, including comparative property valuations, is not available.

Opinion

Except for the effect on the financial statements of the matter referred to in the preceding paragraph, in our opinion:

a) the financial report of Hill End Gold Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter Regarding Going Concern

Without further qualification to our opinion, we draw attention to Note 1 which indicates that additional funding from capital raisings and or formation of joint ventures may be required over mineral exploration properties to ensure that the company can continue its activities and continue to operate as a going concern. There is uncertainty as to whether these circumstances will arise however the directors have determined that the company will be able to pay its debts as and when they fall due and have accordingly prepared the financial statements on a going concern basis.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 8 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Hill End Gold Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

A Pather

ASH PATHER
Partner

Dated this 13th day of September 2013

HILL END GOLD LIMITED

CORPORATE DIRECTORY

Directors
Denis Edmund Clarke
Non-Executive Chairman

Philip Francis Bruce
Managing Director

Graham Charles Reveleigh
Non-Executive Director

Bruce Geoffrey Thomas
Non-Executive Director

Ian Cunynghame Daymond
Non-Executive Director

Su-Yin Quah
Non-Executive Director

Company Secretary
Kevin Martin Lynn

Australian Business Number
74 072 692 365

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